

In the Name of God

PRESENTATION
of
HE Seyed Kazem Vaziri Hamaneh
*Minister of Petroleum of
The Islamic Republic of Iran*

At The Third OPEC Int'l Seminar:
***OPEC in a New Energy Era:
Challenges and Opportunities***

*Vienna, Austria
12-13 September 2006*

In the Name of God, the Compassionate, the Merciful

***Mr. Chairman, Excellencies,
Ladies and Gentlemen,***

I am pleased to participate in this seminar. By holding this biennial event, the Organization of Petroleum Exporting Countries (OPEC) is showing that it is monitoring the current situation of oil markets. At the same time, by trying to bring issues such as oil production capacity expansion, challenges in both upstream and downstream sectors, the role of petroleum technologies and global sustainable development into the spotlight, the organization is looking for ways and means of countering energy security concerns. To that end, it is assuring the world that OPEC will play its part to ensure the flow of oil supply.

I would like to extend my appreciation to HE Daukoru, president of the OPEC conference, the OPEC secretariat and other organizers of this seminar.

Excellencies,

At the start, I would like to say that energy security can be looked at from different angles.

Supply security which has been dealt with more than any other issue, has been secured because of the main role OPEC has played. Even today, when we hear concerns about the supply security, supply is way above demand in the market.

Security of demand, on the other hand, is insecure because of energy policies of consumer countries, threatening capacity – building investments in reserves – rich countries.

Security of demand includes access to markets which is hindered by fundamental problems in the consumers policies, and many barriers being established through application of those policies.

Security of investment is ^{yet} another side of the energy security, in both areas of avoiding idle production capacity and creating friendly environments for investments.

Security of technology, its accessibility, transfer for all countries and all energy carriers, are also part of the energy security, as are data security and their reliability.

Petroleum reserves are the main contributions of producers, and very naturally their readiness to invest on development of their reserves will be more when prices are at reasonable levels. Removal of barriers to accessibility of markets and technology will certainly lead to supply and demand security in desirable forms.

The outlook of the world economy indicates that global demand for energy is still rising, with oil and gas playing the dominant role in the world's energy consumption mix.

There are sufficient oil and gas resources in the world, and a considerable part of the world's growing demand for oil will have to be met by OPEC member states especially the Persian Gulf countries.

Therefore investments are to concentrate in high-reserves-low-production-cost regions.

On the other hand, energy markets as well as national and international policies are so dynamic that approaches used in dealing with energy security challenges, are to be revised constantly.

Due attention has to be paid to the following items and their impacts on approaches and arrangements that will be thought out:

- The impact of foreign policies of governments on energy security and market developments.
- Unilaterally exercised policies and their impacts on investments on energy resources, particularly oil and gas development projects.
- The impact of contractual frameworks on the trend of investments and the need for new mechanisms that can establish a fairer terms of trade among reserves, financial resources, markets and technology resources to pave the ground for further cooperation of NOCs and IOCs.
- The impact of international cooperation on the expansion of technical, scientific and financial collaboration in the energy arena.

Mr. Chairman,

Military and political tensions, politically motivated economic sanctions and the extraterritorial application of national laws by certain countries that endanger regional security and oil and gas supply are amongst issues that have to be discussed. Access to nuclear energy technologies is no different from the necessity of technology transfer in oil and gas sectors which has to be taken into consideration and it is the same as the accessibility to oil and gas being pursued by consumers. Since there is accessibility to the producers' oil and gas resources,

sources of technology are also expected to provide access to technologies for the production of all kinds of energy.

Both IOGCs and NOGCs are after a more effective role of national and international economic institutions in the energy industry. Governments of producing and consuming countries should do their utmost to enable markets forces to play their parts in an atmosphere void of political interference, where all acceptable international norms, regulations, and controls can be applied.

Excellencies,

Ladies and Gentlemen,

There is general agreement on the following principles:

1. There is sufficient oil and gas resources to guarantee the security of supply.
2. Reasonable level of oil and gas prices, their stability and sustainability are factors influencing the trend of investments.
3. Efficiency and return on investment in the energy industry is greater than investment in other industries.
4. Peace and political stability are essential pre-conditions for ensuring the continuity of investment flows.
5. Seeking domination over world energy policies and resources through military occupation to attain energy security, is mere naivety. Thus, political, geopolitical and energy interdependencies and national security concerns are factors on the basis of which all sides should carry out their responsibilities and think about the aftermaths of their destructive policies.
6. Elimination of downstream bottlenecks in consuming countries is essential to ensure that sufficient and timely refining capacities are

available to supply the required petroleum product specifications of environment-friendly standards. All consumers, their organizations, institutions, and the world's commercial and strategic reserve figures agree that OPEC has always been supplying the market and no one blames OPEC for the market's current situation.. OPEC and Iran are and will be committed to ensuring the world of the security of oil supplies. Despite barriers to gaining access to downstream markets' of most consuming countries, producers are making huge investments in their upstream and downstream energy industries.

7. Cooperation of technology sources in energy conservation and efficiency of producing countries, together with a gradual elimination of energy subsidies, will further bolster energy supply security. Producers and consumers should apply supportive policies and facilities to further their cooperation in this field.
8. Utilization of energy substitution technologies especially in areas of nuclear and clean-coal are the inalienable rights of not only the consumers, but also the producers. Iran, being a main and a reliable oil and gas supplier, has a young population, a growing economy and high energy consumption level, as a result of which, the country has no choice but to utilize all accessible energies including nuclear energy. Iran's vision and approach to this issue is non-political, being solely in pursuit of peaceful energy supply security objective, within the framework of NPT regulations.
9. Concerns expressed by market players, war-mongers and regretfully even the IEA about a possible disruption of Iran's oil and gas supplies are completely baseless and irrelevant. Even during the 8-year war, Iran was a reliable source of oil supplies, and will always remain so.

Thank you